

# *Santa Clara*

## DOWNTOWN REVITALIZATION



### REQUEST FOR QUALIFICATIONS

*Submittals due*  
**December 15, 2006**





# *An opportunity to develop an innovative mixed-use project in the heart of Santa Clara*



*Artist's conception: Washington Street viewed from Homestead Road.*

*The City of Santa Clara, acting through its Redevelopment Agency, invites developers that have the capability to implement a \$250 million residential/commercial mixed-use project to provide Qualifications to the Agency.*

## **The development opportunity features:**

- High price point for housing in Santa Clara, with few alternative sites in the market area;
- High quality of built environment in vicinity;
- Enormous employment base with high incomes in proximity of the site;
- Low City development fees; and
- Willingness of Agency to use tax increment from project, if economically justified, to fund some aspects of development.

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# Santa Clara

## DOWNTOWN REVITALIZATION



In 2003, the Santa Clara City Council set the revitalization of the historic downtown area as one of its top priorities. A Downtown Concept Plan was developed by a committee of community representatives working with City staff and planning/economic consultants that calls for urban mixed-use development in the 7.3 acre project area. The Concept Plan sets the community's vision for the area, so that private developers have a framework for the community's expectations.

The City Council, Planning Commission and Historical and Landmarks Commission approved the Concept Plan in 2004. In September 2006 the City Council approved issuance of this Request for Qualifications (RFQ) solicitation.

The City is now seeking a Master Developer to construct approximately 125,000 – 150,000 square feet of retail commercial space, 400 dwelling units, and associated parking, at a cost of about \$250 million in downtown Santa Clara.

The major factors driving this project are the desire of the Council and the community to create a central place for people where they can shop, work, meet, and gather; stimulate economic revitalization in a way that supports existing businesses; add new businesses that meet resident and adjacent Santa Clara University's employee/student needs and capture more local dollars that now go to businesses outside of Santa Clara; and manage traffic by locating mixed uses near transit, improvements patterns, and

giving residents local choices to work, shop, and live. An illustrative program for development has been developed as a starting point for discussion with developers; that program is referenced in this solicitation.

The project would be constructed on development sites totaling 7.3 acres. There are four separate parcels comprising the development site with the City of Santa Clara owning 3 of the 4 parcels (6.5 acres). Two of the City parcels (1 and 2; see map above) are under 50 year ground leases that have 16 years remaining on the lease. The third City parcel (3) is committed to providing parking to an adjacent County Court facility. This parking will need to be relocated as part of the project development. The two ground leases would need to be bought out or renegotiated by the Master Developer. A 0.8-acre portion of the site (4) is owned by Santa Clara University, which has indicated a willingness to cooperate with the City and the Master Developer on this project.

The Master Developer must be highly seasoned in successful creation of mixed-use environments on a scale comparable to that required in downtown Santa Clara. *Due to the need for a unified approach, the Agency will not consider submittals from entities capable of developing less than the entire project;* however, the City will entertain qualifications from ventures consisting of retail/commercial and residential entities that together can develop the project.



## Guiding Principles

The “superblock” (northwest of Lafayette and Homestead) represents the initial development opportunity, and will form the nucleus of a revitalized Downtown Santa Clara. This core area will be developed with a mix of uses, a pedestrian-oriented environment, and linked to surrounding blocks and activities, including Franklin Square in the west, the Caltrain (and future BART) station further to the east, and to Santa Clara University.

The key focus of the project is creation of a vital retail/pedestrian presence downtown, with residential as a supporting use. APPROACHES IN WHICH RETAIL IS A “SERVICE” OR ANCILLARY USE WILL NOT BE ACCEPTED.

On August 29, 2006, the Santa Clara City Council approved Guiding Principles to which all development shall adhere:

### Economics/Finance

1. The City will not fund project activities through use of General Fund Resources. Tax increment, generated principally by the project, could be a source of funding if economically justified.
2. The Master Developer will be required to negotiate with several private parties to assemble the development site (includes land tenants of the City and Santa Clara University). The Redevelopment Agency does not have the power of eminent domain.
3. The developer must pay Prevailing Wages.
4. Preference is for-sale rather than rental housing.
5. The City has an inclusionary housing policy that requires that 10% of the units be made available to households with low and moderate incomes; the Agency will consider use of housing set-aside funds from the Redevelopment Project Area to assist in provision of these units, if such assistance is economically warranted.

### Land Use

6. Office building at the northwest corner of Lafayette/Homestead will remain. All other existing development on the site will be replaced.
7. Retail, and Eating and Drinking Establishments: A minimum of 125,000 square feet of gross leasable area shall

be provided. Retail spaces shall be in a range of sizes to accommodate a variety of tenants. At least one major space (25,000 to 35,000 s.f. in two levels) shall be provided for a bookstore or another large tenant, visible from Franklin / Lafayette streets.

8. Residential: 350 to 400 housing units shall be provided, at levels above retail and parking facilities, except along the western stretch of Franklin Street, where housing units may be at the ground level, provided all ground level space is designed to be flexible to accommodate retail or office uses now or in the future.
9. Other uses: Other complementary uses, such as entertainment, may be provided.

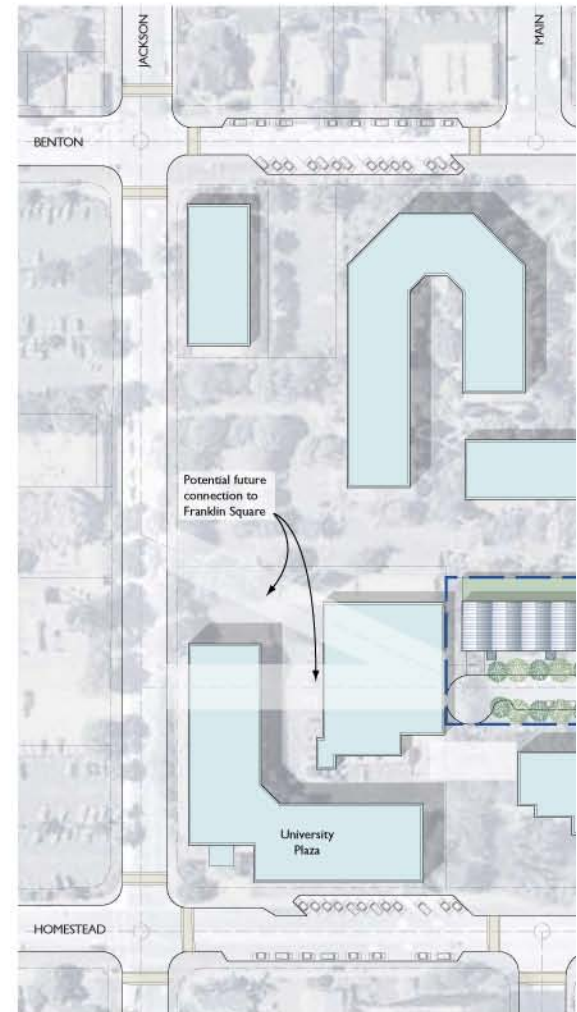
### Urban Design

10. Development should provide adequate off-street parking (based on parking studies).
11. All parking shall generally be below grade or structured. Where parking is structured, parking should generally be at second floor or higher, with space at ground level devoted to retail and other uses; all such parking shall be encapsulated within active uses (that is, not directly visible from outside).
12. Development should be designed to present an active face at pedestrian level along all streets—both internal and at the edges.
13. Washington Street will be extended through the site and will be lined with active uses (retail, restaurants and cafes) on both sides, in its entire stretch.
14. Franklin Street shall extend from its current intersection at Lafayette westward, with ability to extend to Jackson Street at a future date.
15. Both Washington and Franklin streets should be designed to be pedestrian friendly, while accommodating cars and vehicles. They should have trees, benches, outdoor seating, kiosks, and other amenities.

16. At the intersection of Washington and Franklin streets there should be a large plaza surrounded by a variety of retail, eating/entertainment, and other uses to form an exciting and vibrant heart of downtown. The plaza should be visible from Lafayette Street and a reconnected Washington Street, and provide a citywide destination as well as a strong catch to SCU students/staff/faculty.

17. Buildings will generally be no taller than five stories (with typical condition being four residential floors over retail). Two eight-storey buildings (up to 95 feet in height, slender, and residential use with retail at the ground level) will be allowed at the plaza.

18. Buildings massing should be articulated to step down toward the outer edge of development, and minimize visible bulk from Lafayette, Benton, and Homestead.



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View along extended Washington Street, existing (below) and as envisioned (above).



Franklin Street extended through the site, and lined with retail

Large plaza at the intersection of Franklin/Washington

Existing office building to remain

County Courthouse to remain (part of the project area)

Washington Street extended through the site, and lined with retail

Two slender 95 foot tall buildings allowed; all other buildings to be five stories or less







## Criteria For Selection

The Agency is seeking a Master Developer for the downtown revitalization project; the development group could be a joint venture. (Other entities, qualified to develop only portions of the project, should not submit Qualifications.)

The Agency will evaluate the submitted qualifications based on the following criteria:

- Demonstrated successful experience of the development entity (not consultants to that entity) in planning, designing and developing mixed use retail/residential projects of a scale comparable to the downtown revitalization project in Santa Clara.
- Demonstrated successful experience of the development entity (not consultants to that entity) in negotiating complex real estate transactions with public entities.
- Experience of working with project proponents and the public in a collaborative, non-confrontational manner.
- Evidence of financial capacity and track record in securing financing for projects with development cost in the range of \$250 million or more.
- Background/accomplishments of key members in the development group (not consultants) in comparable projects.
- Quality/responsiveness to the Agency's request for development approach (see Submittal Requirements).

## Next Steps

The Agency has formed a Selection Committee that includes Agency staff and consultants, to advise the Agency in this matter.

These are the steps in our process, which may be modified as required, at the sole discretion of the Agency:

**November 1, 2006** - Release of this RFQ.

**November 17, 2006** - Orientation meeting for proposers that includes a tour of the site and response to enquiries.

**December 15, 2006** - Responses to RFQ are due.

**January 12, 2007** - Agency selects developers for interviews.

**January 15-19, 2007** - Agency interviews several developers as determined by Selection Committee.

**January 26, 2007** - Agency selects approximately 3-4 developers to submit proposals, and issues Request for Proposals to selected developers. In the Proposal phase of the process, it is anticipated that the following will be requested: (1) identification of consultants; (2) illustrative site plans and massing diagram (but no architecture); (3) financial pro forma; (4) financial proposal.

**February 7, 2007** - Information session with shortlisted developers.

**March 30, 2007** - Proposals due.

**April 11, 2007** - Agency interviews developers. This could include a public process in respect to review of proposed development plans.

**Late April, 2007** - Agency selects developer to enter into an Exclusive Negotiating Agreement.

## Limitation and Waiver of Protest

By responding to this RFQ, each proposer voluntarily and knowingly agrees as follows:

- Selection is at the sole discretion of the Agency.
- The Agency may amend or terminate selection procedures at any time at its sole discretion.
- The Agency is not obligated to enter into any agreement with any entity as a result of this process or provide any type of assistance (financial or otherwise) to any entity.
- The Agency is not, under any circumstances, responsible for costs borne by proposers for preparing responses to this solicitation, or any costs associated with the selection process. Each proposer shall bear its own such costs. Each proposer shall hold the Agency harmless from any and all liability, damage, claim, loss and/or expense incurred by or on behalf of such proposer in connection with or relative to this RFQ.
- The Agency will not pay a finder's fee/brokerage fee to any entity representing or purporting to represent proposers. Each proposer shall hold the Agency harmless from any and all liability, damage, claim, loss and/or expense incurred in connection with or relative to any such fee.
- All materials submitted in response to this solicitation will become the property of the Agency.
- By submitting a response to this RFQ, each proposer expressly waives any and all rights that it may have to object, protest or seek any legal remedies whatsoever regarding any aspect of this RFQ, including, without limitation, the Agency's selection of a developer, the Agency's rejection of any or all submittals and any subsequent agreement that might be entered into as a result of this RFQ.

Proposers are cautioned not to contact members of the Agency during this selection process, apart from interface that is structured with Agency staff; doing otherwise may result in disqualification of the proposer.



# Submittal Requirements

Please provide ten copies of the following information (only) in the submittal of your qualifications organized as follows:

- 1. Project Understanding.** Provide a narrative regarding the project concept and illustrative plan that demonstrates your understanding and response to development issues and the illustrative program. The response should be no more than three pages (single space), with no illustrative materials, financial estimates, or similar accompaniments. The response should include a description of how you would work with the Agency to refine the illustrative concept provided in this solicitation, how the retail commercial component would be implemented, and any other matters that you wish to call to the attention of the Agency.
- 2. Key Entity/Team.** Identity of the entity that would be the developer of the project: Company name, legal status, address, phone, e-mail and the primary contact for this solicitation; if a joint venture, provide information for each member of the venture and indication of the lead entity for the project. The Agency is not requesting identification of any consultants including architects and planners—that would be part of the development group at this time.
- 3. Background & Experience.** Overall background and experience of the development entity (and any joint venturers) and statement as to why that entity is best qualified to undertake this project.
- 4. Completed Projects.** Identify three completed projects developed by the development entity that best exemplify the capabilities of that entity to successfully complete the downtown Santa Clara project. For each project, provide the following: Name, location, designers/architects, mix of uses, background/history, absorption, price points, key tenants, current sales/leasing status, with photographs or other renderings, and public agency contact.
- 5. Key Personnel.** Identify key personnel who would be involved in the project and their proposed roles. Provide resumes and professional references.
- 6. Financial Capability.** Describe your capacity to finance this project; provide specific examples of comparable financings. Note: The Agency will subsequently require review of the developers' audited financial statements, made available on a confidential basis.
- 7. Project Financing.** Identify hurdle rates of return that you will require to develop the project: (1) for the retail/commercial, return on cost (defined as NOI at stabilization/total development cost including any negative cash flow during lease-up); (2) for the residential, profit as % of sales price. For both (1) and (2) indicate developer fees, if any, as a % of direct construction cost that would be included as project costs and additive to the cost for development management. (Please note: We are not now requesting a financial pro forma for the project.)
- 8. References.** Provide five references, including two public sector references and two financial references who can attest to the ability of your group to implement this project: Include name, contact information, and nature of the association. At least two of the references should be for individuals associated with any of the three illustrative projects noted above.

*In the interest of fairness to all respondents, the Agency will not accept any materials from proposers other than those identified directly above.*

*The Agency reserves the right to determine the responsiveness of each submission based on these requirements and may reject any submittal deemed incomplete or non-responsive.*

## Send ten copies of submittals to:

Ronald Garratt

Assistant City Manager  
City of Santa Clara  
1500 Warburton Avenue  
Santa Clara, California 95050  
Office: (408) 615-2212

*The qualifications packages must be received no later than December 15, 2006; submittals received after 5:00 PM on that date will not be accepted. Faxes or e-mails will not be accepted.*

*We thank you for your participation!*



*Project area as seen from Franklin at Lafayette, and artist's conception.*

## Proposers Meeting

Date : November 17, 2006

Time : 10 am - Noon

Location: City Council Chambers  
1500 Warburton Avenue  
Santa Clara, California 95050